

Community Development Committee

Meeting date: December 19, 2016

Subject: Fiscal Disparities Update: Tax-Base Sharing in the Metro Area

District(s), Member(s): All

Policy/Legal Reference: Minnesota Statutes § 473F

Staff Prepared/Presented: Deb Detrick, Local Planning Assistance (651-602-1327)

Division/Department: Community Development Division

Proposed Action

None.

Background

Taxing jurisdictions in the metropolitan area share part of the growth in commercial-industrial tax base through a tax-base sharing program known as the Fiscal Disparities Program. The Minnesota Legislature created the program in 1971 with the support of the Metropolitan Council. Tax-base sharing started in 1975. The size of the seven-county area the program covers and the amount of commercial-industrial tax base shared make it unique. This program continues to attract national and international interest.

Tax-base sharing supports goals of the Metropolitan Council. It promotes orderly and economical growth by reducing competition for tax base. It helps improve equity by reducing large differences in tax base wealth among communities. It strengthens economic competitiveness and fosters prosperity by giving incentives for all to work for the growth of the area as a whole. It also supports livability by encouraging land uses that raise little or no revenue, such as regional parks, open space, and low-income housing. The program shared \$373 million in tax base for taxes payable in 2016 and \$561 million in tax revenue.

Each year, the Council and the Minnesota Department of Revenue determine eligibility for communities to participate in the program.

Council staff will present more in-depth review and analysis of the program at the Committee meeting. Information on the program can also be found on metro council.org at [Fiscal Disparities: Tax-Base Sharing in the Metro Area](#)